TOPIC: FINANCIAL ACCOUNTABILITY PLAN AMENDMENT FOR

WESTERN STATE COLLEGE OF COLORADO

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I. <u>SUMMARY</u>

The Board of Trustees for Western State College has requested approval of an amendment to its financial accountability plan, which was previously approved by the Commission in December 2010. The amendment was requested in order to reflect changes necessary to accommodate anticipated reductions to state general fund appropriations to higher education in FY13.

II. BACKGROUND

As a result of Senate Bill 10-003, for a period of five years, FY 2011-12 through FY 2015-16, public higher education governing boards have the authority to raise resident, undergraduate tuition above nine percent per year as long as the Colorado Commission on Higher Education (CCHE) approves a Financial Accountability Plan (FAP or Plan, see Section 23-5-130.5 CRS) submitted by the institution. Generally, the plans outline price and tuition strategies during a time of decreased state funding and demonstrate how the governing board plans to assist lowand middle-income students in spite of the changes in instructional costs.

As the Western State College Board of Trustees continues its planning for FY2012-13, it is considering strategies to adjust and refine tuition pricing and discounting policies to respond to diminishing levels of state support and varying institutional expenditures. During a recent teleconference meeting with the CCHE FAP subcommittee representatives from Western State College outlined some of these strategies and requested consideration of an amendment to its existing FAP.

The CCHE FAP subcommittee was supportive of the approach outlined by Western's governing board and encouraged the institution to submit an amendment for consideration by the CCHE at its March meeting. The college's proposed plan is attached.

III. STAFF ANALYSIS

Western State College of Colorado is requesting authority to increase resident tuition rates by 18 percent in FY 2012-13, 18 percent FY 2013-14, 10 percent in FY 2014-15, and 8 percent in FY 2015-16. Governing boards have the ability to resubmit or amend five-year plans based upon changes in underlying assumptions such as the continued deterioration of state funding or changes in institutional financial aid packaging policies. In Western's case, the primary drivers for the requested changes are (a) continued reductions in state funding and (b) changes in other variables such as the mix of resident and nonresident enrollment. In FY 2012-13 Western State

College is expected to receive about one-half million dollars less in general fund operating revenues compared to the current fiscal year.

Western State College utilizes a five-year budget model that considers state funding, cost estimates, enrollment mix and inflation. The college regularly updates its model. Proposed amendments to Western's FAP will allow the college to meet enrollment projections and sustain a balanced budget while maintaining tuition and fee rates that are among the lowest in Colorado and well below rates among national peers. To assist low- and middle-income students, Western State's amendment proposes to increase the average tuition discount rate for resident and nonresident students beyond what is currently planned. In addition, Western will continue to charge "Level 1" and "Level 2" students one-half of the requested tuition increase.

To help students with managing their debt, Western has recently partnered with College Invest. Through this relationship, College Invest provides training tools to the college and has expanded counseling support to include in-person exit counseling. In terms of operating improvements, Western is completing a planned opt-out of the state risk management program, which will deliver estimated savings of \$100,000 annually as well as seeking additional operating efficiencies and improvements. Finally, Western has expressed support for the on-going master planning process and is supportive of efforts to improve the delivery of developmental education.

III. STAFF RECOMMENDATIONS

There is no staff recommendation, because action on this item shall be recommended by the CCHE FAP Review Subcommittee (see Appendix A).

STATUTORY AUTHORITY

C.R.S. 23-5-130.5 (1) Beginning with the 2011-12 fiscal year and for fiscal years thereafter through the 2015-16 fiscal year, each governing board, for the institutions it controls, shall annually set the amount of tuition to be paid by students with in-State classification and by non-resident students who enroll in and attend the institutions.

APPENDIX A: CCHE FAP REVIEW SUBCOMMITTEE PROPOSED RECOMMENDATION

*Western State College of Colorado Tuition Setting Authority Request

REVISED 3-2-12

Pursuant to section 23-5-130.5 C.R.S.; Western State College of Colorado (WSC) is requesting the following tuition setting authority:

- 1. WSC is requesting the authority to increase resident undergraduate tuition by 18 percent in FY 2012-13 and FY 2013-14 and by 10 percent in FY 2014-15. Tuition would be increased by 8 percent in FY 2015-16.
- 2. The tuition setting authority requested by WSC is dependent upon state, federal and other revenues remaining constant through the FY 2015-16 planning period.

CCHE FAP Review Subcommittee Recommendation: Approve the tuition authority requested by WSC through FY 2012-13. Approve the final three years of the plan contingent upon a review of the first two years. As part of this approval, Western State College of Colorado will provide to the commission an update on the strategies adopted by the WSC Board of Trustees to implement the tuition increase in FY 2012-13 and provide the following:

- 1. Continued updates (as agreed to by the Department and WSC) on the enrollment, retention, and completion of low and middle income students and underserved student populations.
- 2. Other current information (as available) relevant to measuring the success of low and middle income students and underserved student populations.

^{*}Final tuition authority approved under section 23-5-130.5 is set by the WSC Board of Trustees.